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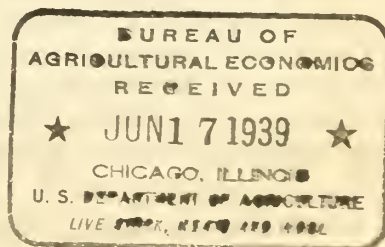


Table 1.- Price per pound of specified fats and oils,
May 1937 and 1938, and March-May, 1939

Fat or oil	May		1939		
	1937	1938	Mar.	Apr.	Ma
	Cents	Cents	Cents	Cents	Cen
<u>Domestic prices -</u>					
Butter, 92 score, N. Y.	32.27	26.36	24.30	23.11	23
Oleomargarine, dom. veg., Chicago	16.38	14.75	14.50	14.50	14
Lard, prime steam, Chicago	11.92	8.12	6.53	6.33	6
Lard refined, Chicago	12.88	9.25	7.52	7.28	7
Lard compound, Chicago	13.25	10.25	9.25	9.25	9
Coconut oil, edible, N. Y.	9.15	5.44	4.38	4.38	4
Cottonseed oil, crude, S. E. mills	8.91	7.03	5.78	5.53	5
Cottonseed oil, p.s.y., N.Y.	10.50	8.10	6.90	6.60	
Soybean oil, refined, N.Y.	12.30	8.56	7.50	7.50	7
Peanut oil, domestic refined, N.Y.	13.15	10.06	9.12	8.98	8
Rape oil, refined, N.Y.	12.55	11.16	10.80	10.80	10
Oleo oil, No. 1, N.Y.	12.50	8.50	8.19	8.10	8
Oleostearine, bbls., N. Y.	9.62	5.97	6.62	6.22	5
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Corn oil, refined, N. Y.	12.45	9.62	8.88	8.88	8
Olive oil, edible, N. Y.	32.53	25.60	25.07	25.07	25
Teaseed oil, crude, N. Y.	10.12	7.09	8.94	9.48	9
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Coconut oil, crude, Pacific Coast	6.29	3.09	2.89	2.79	2
Tallow, inedible, Chicago	8.22	4.45	5.14	5.02	4
Grease, house, N. Y.	8.28	3.89	4.94	4.84	4
Palm oil, crude, N. Y.	6.02	3.52	3.82	3.82	3
Olive oil foots, bbls., N. Y.	11.35	8.27	7.03	6.99	7
Palm-kernel oil, denatured, N. Y.	5.95	4.15	3.45	3.43	3
Babassu oil, tanks, N. Y.	1/ 9.75	6.41	6.12	6.12	6
Sardine oil, tanks, Pacific Coast	6.93	4.93	4.07	4.45	4
Whale oil, ref., winter bleached, N. Y.	10.80	9.90	8.20	8.20	8
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Linseed oil, raw, Minneapolis	10.90	8.90	8.58	8.70	8
Tung oil, drums, N. Y.	13.82	11.39	15.16	16.05	17
Perilla oil, drums, N. Y.	11.54	10.33	9.67	9.68	9
Soybean oil, crude, f.o.b. mills	8.96	5.69	4.91	4.72	4
Menhaden oil, crude, f.o.b. Baltimore	5.65	4.67	4.07	4.21	4
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Castor oil, No. 3, N. Y.	10.25	9.25	8.88	8.35	8
Cod oil, bbls., Newfoundland, N. Y.	6.93	6.67	2/4.00	2/4.33	2/4
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<u>Foreign prices - 3/</u>					
Cotton oil, crude, naked, Hull	6.58	3.94	3.67	3.57	3
Copra, Resecada, Philippine Islands	4/ 3.13	1.32	4/1.29	4/1.33	
Palm-kernel oil, crude, Hull	5.95	4.07	3.72	3.66	3
Whale oil, crude, No. 1, London 5/	4.96	3.27	3.16	3.23	3
Tallow, beef fair-fine, London	5.99	4.38	3.87	3.94	3
Linseed oil, naked, Hull	6.61	5.29	5.10	5.08	5
1/ Futures. 2/ Untanked. 3/ Converted to U. S. cents per pound at					
current monthly rates of exchange. 4/ Preliminary. 5/ Prices are for					
crude #1, ex. tank, Rdm., minimum 500 ton lots, beginning March 1, 1939.					

THE FATS AND OILS SITUATION

Summary

Prices of most fats have shown little change since early last summer, the Bureau of Agricultural Economics reports. The general trend in lard prices, however, has continued downward since late 1937, while prices of tung oil have advanced sharply in recent months. Prices of fats and oils generally declined sharply in late 1937 and early 1938, largely as a result of weakness in general demand. A moderate recovery occurred in prices of some fats in early summer last year.

With the partial recovery in hog production from the low levels of 1935-37, domestic lard supplies increased in 1938, and marked increases are expected for 1939 and 1940. Lard production in 1940 may total almost as much as the average for the 5 pre-drought years, 1929-33. But exports of lard in 1940 probably will continue to be much smaller than in the pre-drought period, chiefly because of the virtual loss of the German lard market since 1933.

Supplies of tung oil at Hankow, China, are reported to be large. But transportation difficulties arising from the closing of the Yangtze River to European and American traffic, and hostilities along the Hankow-Canton Railway, have brought about a shortage of supplies at coastal shipping points, thus accounting in large part for the sharp rise in prices of tung oil in recent months.

RECENT TRENDS IN PRICES OF FATS AND OILS

Prices of food fats show downward trend

Lard.--After reaching the highest level in 9 years in 1935, lard prices declined to some extent in 1936, but recovered part of the loss in early 1937. During the last 3 months of 1937, however, lard prices decline sharply, and the trend has been downward since that time. In May this year the average price of prime steam lard at Chicago was 6.5 cents per pound, slightly higher than a month earlier but otherwise the lowest since early 1934.

Reductions in the number of hogs slaughtered and in the yields of lard per hog resulting from the droughts and feed-grain shortages of 1934 and 1935 brought about a marked decrease in domestic lard production. In 1935, the production of lard under Federal inspection totaled only 662 million pounds compared with the 5-year (1929-33) average of 1,618 million pounds. Although increasing after 1935, production in 1938 amounted only to 1,076 million pounds. During the first 4 months of 1939, the production of lard under Federal inspection totaled 414 million pounds, 14 percent more than in the corresponding period of 1938. With an increase of 18 percent in the fall pig crop of 1938 compared with that of 1937, and a further increase expected for the spring pig crop of 1939, inspected lard production this year may total somewhere near 1,300 million pounds. Production in 1940 may be nearly as large as the average for the 5 years prior to 1934.

Although exports have increased with increased lard production, exports in 1940 probably will not reach so high a level as in the immediate pre-drought period, chiefly because of the marked reduction in takings by Germany since 1933. In the period 1929-33, exports of lard from the United States averaged 644 million pounds annually, of which exports to Germany accounted for nearly one-fourth. In more recent years, German takings of American lard have been almost negligible, due largely to the present German policy of regulating foreign trade along bilateral lines.

Cottonseed oil.--In contrast to the marked increase in domestic lard production, the production of cottonseed oil thus far this year has been smaller than that of a year earlier, when the supply of cottonseed for crushing was unusually large following the record cotton crop of 1937. Influenced by the increasing supplies of lard, however, prices of cottonseed oil averaged lower throughout the first 5 months of 1939 than a year earlier, and have been the lowest since early 1934. Prices of cottonseed oil (and of vegetable cooking fats), nevertheless, have been relatively high compared with lard prices.

Prices of cottonseed oil usually average about 2 cents per pound lower than lard prices; but in the past 10 months prices of cottonseed oil have averaged only about half a cent lower. Prices of vegetable cooking fats usually are close to lard prices, but prices of such fats in recent months have averaged considerably higher. (See chart on cover page.)

Other food oils.--Prices of soybean oil, oleo oil, corn oil, and peanut oil also have been lower thus far in 1939 than a year ago. With a record crop of soybeans in this country in 1938, and a still larger production expected this year, the domestic production of soybean oil in 1939 and 1940 probably will show further increases. Factory production of crude soybean oil in 1938 totaled 323 million pounds compared with 194 million pounds in 1937, and a

5-year (1929-33) average of 26 million pounds. During the first quarter of 1939, factory production of crude soybean oil totaled 121 million pounds, 48 percent more than in the first quarter of 1938.

Manchurian supplies of soybeans available for export for the 1938-39 marketing year are reported to be slightly larger than those of the preceding year, and a larger Manchurian crop is planned for the current year. Despite increasing production, the trend in prices of soybeans and soybean products at Dairen has been upward since early 1938, principally because of increased European demand. Germany and Italy have been heavy buyers in recent months. Both these countries now have barter agreements with "Manchoukou" whereby soybeans are taken in exchange for industrial products.

The United States has exported soybean oil on balance in recent months. More than 3 million pounds of soybean oil produced in this country were exported in 1938, and net exports of soybean oil from the United States during the first quarter of 1939 totaled more than 1 million pounds.

The combined factory production of corn oil, peanut oil, and oleo oil in the first quarter of 1939 was about the same as in the first quarter of 1938. Production of corn oil and peanut oil was larger than a year earlier, however, while production of oleo oil was smaller. (Table 2.)

Prices of inedible soap fats higher than a year ago

Tallow and grease.—The peak in tallow prices in recent years, unlike that for lard, occurred in 1937, when the price of inedible tallow at Chicago averaged 7.51 cents per pound compared with 7.97 cents in 1929. Tallow prices declined sharply in late 1937 and early 1938, and the average price for 1938 of 5.03 cents was the lowest since 1934. Since June 1938, tallow prices have fluctuated near the 5-cent level. The price of grease has followed the price of tallow closely in recent years.

In May 1939, the average price of inedible tallow at Chicago was 5.0 cents, about the same as a month earlier, but 0.6 cents higher than in May 1938, when tallow prices were the lowest for that year. The price of house grease at New York in May this year averaged 4.82 cents, nearly 1 cent higher than in May 1938.

Domestic tallow production has been large since 1935. The relatively high level of tallow and grease prices in 1937 was due mainly to the strong demand for soap and lubricants resulting from the generally favorable business conditions in that year. With the business recession and decline in industrial payrolls in late 1937 and early 1938, however, tallow and grease prices declined sharply. Some improvement in prices occurred in early summer last year, but since then tallow and grease prices have remained relatively stable.

Edible-soap oils.—Prices of coconut oil, palm oil, palm-kernel oil, fish oils, and whale oil also reached their highest levels for recent years in 1937, but declined sharply in late 1937 and early 1938. Since August 1938, prices of palm oil have shown a slight tendency to rise. But prices of other edible-soap oils declined somewhat further after August, although prices of coconut oil and fish oils have recovered slightly during the past few months.

The average price of crude coconut oil at Pacific Coast markets in May was 6.0 cents per pound (including excise tax) compared with 5.8 cents in April and 6.1 cents in May 1938. Prices of palm-kernel, babassu, sardine, menhaden, and whale oils also were lower than a year earlier, while prices of palm oil were higher. (Table 1.)

Prices of drying oils show mixed trends

Linseed and perilla oils.-As in the case of most other oils, prices of linseed and perilla oils in 1938 were lower than in 1937. But the decline in prices of these oils from 1937 levels was less marked than that in prices of most other oils, chiefly because building activity and the demand for paint oils declined less than industrial activity and the demand for food and soap oils in late 1937 and early 1938. And decreased world production of flaxseed and perilla seed has tended to support prices of linseed and perilla oils to some extent.

The preliminary estimate of world production of flaxseed for 1938 (excluding China) is 128 million bushels compared with 130 million bushels in 1937. Production of perilla seed in Manchuria, the principal producing area, totaled only 203 million pounds in 1938 compared with 265 million pounds in 1937, according to reports of the Foreign Agricultural Service.

Prices of linseed oil declined from January through August 1938, but since August prices have shown a slight tendency to advance. In May this year the average price of raw linseed oil at Minneapolis was 8.7 cents per pound, about the same as in April, but 0.2 cents lower than a year earlier.

After declining from January through June last year, prices of perilla oil advanced in July and August, but declined again from September through January 1939. Since January, prices of perilla oil have shown little change. The average price of perilla oil at New York in May this year was 9.7 cents per pound compared with 10.3 cents in May 1938.

Tung oil.-The movement of prices of tung oil in recent years has been quite different from that for linseed and perilla oils. Tung oil is unique as a drying oil in some respects, forming a very tough waterproof film, and has many special industrial uses. The average price of tung oil at New York advanced from about 9 cents per pound in 1934 to 17 cents in 1935. Prices of tung oil, however, declined after 1935 to less than 11 cents in June 1938. The sharp rise in 1935 apparently was due in part to the recovery in industrial production and in the demand for tung oil for industrial purposes in that year, and in part to reduced production in China.

Since June 1938, the price of tung oil again has advanced sharply. In May this year the average price at New York was 17.8 cents compared with 16 cents in April and 11.4 cents a year earlier.

Although the 1938 tung nut crop in China was of fairly good size, difficulties have been experienced in moving out sufficient oil to meet the export demand. These difficulties have resulted from the closing of the Yangtze River to foreign traffic by the Japanese, and Sino-Japanese hostilities along the Hankow-Canton Railway. Tung oil prices at Hankow, where large supplies are available, have declined in recent months. But prices at Shanghai and Hong Kong have advanced, owing to the small supply available from the interior.

Table 2.- Production and apparent disappearance of fats and oils in the United States, January-March, 1938 and 1939

Fat or oil	Production 1/ Jan.-Mar.		Apparent disappearance 2/ Jan.-Mar.	
	1938	1939	1938	1939
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Cottonseed oil	596	391	514	322
Coconut oil	75	75	131	165
Soybean oil	82	121	63	106
Palm oil	---	---	73	102
Corn oil	32	33	39	42
Peanut oil	22	28	19	22
Olive oil, edible	2	7	21	19
Castor oil	14	18	12	17
Palm-Kernel oil	1	3	26	7
Babassu oil	12	15	9	12
Linseed oil	126	139	94	120
Tung oil	3/	1	25	26
Perilla oil	4/	4/	8	15
Other vegetable oils 5/.....	4/	2	11	19
Butter 6/.....	358	389		
Lard 7/.....	287	322		
Tallow, inedible	196	219	196	209
Fish oil	12	24	29	53
Marine mammal oil	27	23	20	7
Fish-liver oil	4/	4/	13	19
Grease	80	85	85	87
Tallow, edible	22	25	20	25
Olce oil	24	18	22	19
Stearine, animal, edible	13	10	12	11
Wool grease	1	1	2	2
Neatsfoot oil	1	1	1	1
Total	1,983	1,950	---	---
Total, excluding butter and lard	1,338	1,239	1,445	1,427

1/ Factory production, Bureau of the Census, except as otherwise noted.

2/ Computed from data on production, trade, and stocks.

3/ Not separately reported.

4/ Less than 500,000 pounds.

5/ Includes olive foots, sesame oil, rape oil, teaseed oil, inedible olive oil, oiticica oil, and vegetable tallow.

6/ Factory production only.

7/ Federally inspected production only.

Table 3.- Oleomargarine: Production and materials used in manufacture
United States

Item	April			1939 ^{1/}		
	1937	1938	Feb.	Mar.	Apr.	
	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.	
Oleo oil	1,359	1,412	1,289	1,326	1,032	
Oleostearine	279	240	228	271	237	
Lard neutral	173	138	115	112	94	
Oleo stock	158	163	132	95	81	
Total animal	1,969	1,953	1,764	1,804	1,444	
Cottonseed oil	14,789	11,422	9,412	9,678	7,483	
Soybean oil	2,752	2,356	4,395	5,452	4,925	
Peanut oil	395	275	194	203	178	
Corn oil	64	46	62	51	27	
Total domestic vegetable ^{2/}	18,000	14,099	14,063	15,384	12,613	
Cocomut oil	4,096	8,981	5,295	4,729	3,428	
Babassu oil	3,032	971	1,168	1,596	1,247	
Palm-Kernel oil	1,136	560	44	173	126	
Rice oil ^{3/}	---	34	---	---	---	
Palm	164	---	---	---	---	
Total foreign vegetable ^{4/}	8,428	10,546	6,507	6,498	4,801	
Total fats and oils	28,397	26,598	22,334	23,686	18,858	
Milk	6,359	6,063	5,422	5,861	4,561	
Salt and other miscellaneous ..	1,611	1,446	1,256	1,316	1,078	
Production of oleomargarine ..	34,355	32,662	27,701	29,417	23,325	

^{1/} Preliminary.^{2/} Ordinarily domestically produced.^{3/} Bureau of the Census; probably oil imported from Japan.^{4/} Not domestically produced.Computed from Bureau of Internal Revenue records and Internal Revenue
Bulletin.